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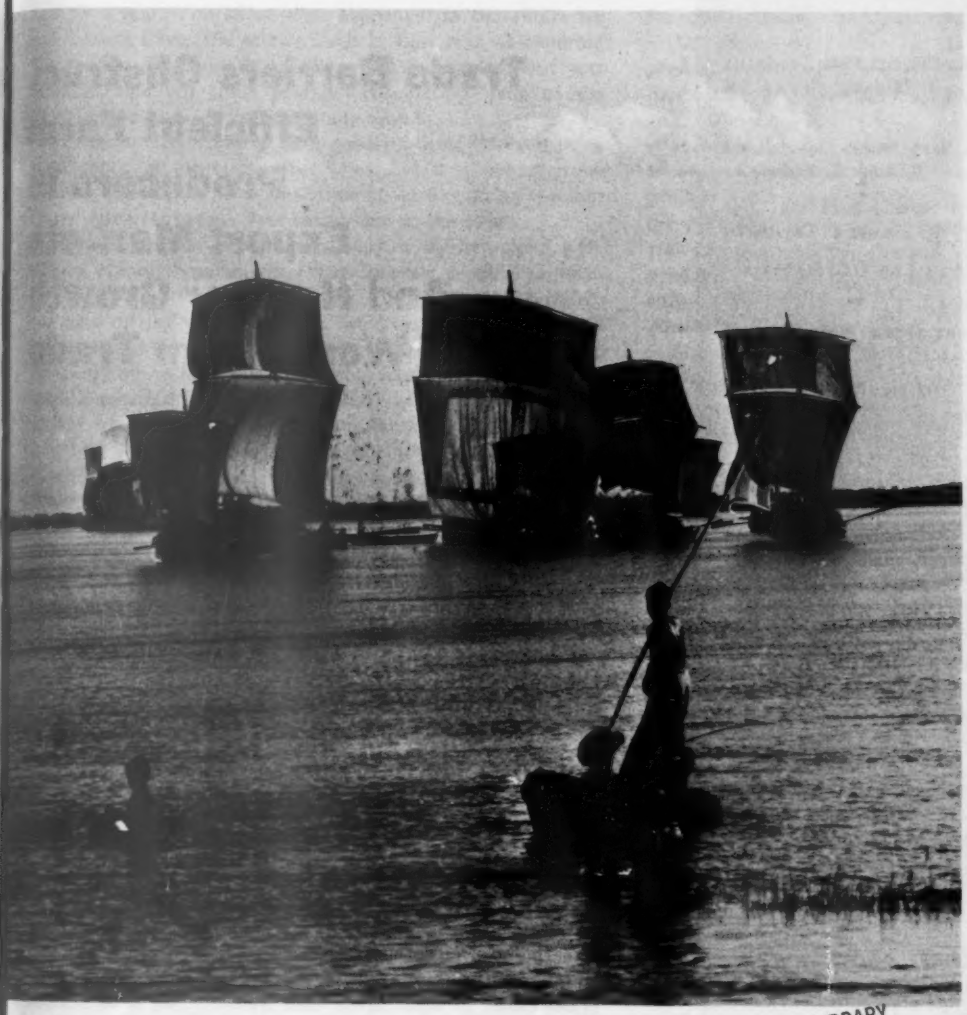

February 7, 1972

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Romania and Hungary Want More Meat

South Asia Trade Changes

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FOREIGN AGRICULTURE

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A fleet of "patli," the largest inland boats in East Pakistan, transports jute from Daudkandi to the port of Narayanganj. For an estimate of the troubled Bengali nation's future agricultural trade, see the story beginning on page 5.

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Trade Barriers Obstruct Efficient Farm Producers in Export Markets And Hamper Growth Of World Farm Trade

Raymond A. Ioanes, Administrator, Foreign Agricultural Service, analyzes U.S. and foreign trade policies in these excerpts from a speech before the National Association of Wheat Growers at Denver, Colo., January 12, 1972.

Major U.S. farm policies have been directed to three major objectives.

- We have linked our price and income support program to production restraints as part of the effort to tailor supplies to effective demand.
- We have reinforced the restraint program by holding excess stocks off both domestic and export markets.
- In more recent years we have separated price support and income support in our farm programs. By setting support prices closer to world levels than formerly, we have enabled support commodities to move more readily into consumption. At the same time direct payments have been increased to support producers' incomes.

In setting grain prices, including wheat prices, the United States and several other producing countries are giving increased consideration to grain's use as a feed.

A use factor is involved. Livestock production is expanding almost everywhere, and the use of grain as a livestock feed is rising, whereas consumption of grain as a human food tends to be "flat" in many countries or even to decline.

In recent years we have looked at wheat, corn, sorghum grain, barley, and the others as a single commodity, "grain," and priced it in accordance with its increasing use as feed rather than as food. Certainly that has been the case in the United States, Canada, and Australia, and I have noticed the same tendency in the United Kingdom and Japan.

The European Community is the only major area where grain is still priced at levels that hold back instead of encour-

age the production and consumption of livestock products.

U.S. wheat is in a basically strong trade position, one it has not always enjoyed. I remember attending a high-level Department of Agriculture meeting in the early 1950's to discuss what could be done to keep wheat exports above 250 million bushels a year. You know what happened. In the 1960's we had 2 years above 800 million bushels. Last year we exported 735 million. Even the 600 million bushels expected this year indicates that our trade posture—considering some of the problems we face—is fundamentally sound.

We are a large supplier of a good product. Of even more significance, all elements in the wheat industry—wheat growers, the wheat trade, and Government—are working together better than ever before. I see many signs of this effort.

Overseas market development work is coming along well. This is one of those activities that does not produce immediate, spectacular results. But steady, sustained effort certainly has paid off in Western Europe, which is probably our most complex and difficult market. Great Plains Wheat, depending primarily on a direct sales approach, has had substantial success in popularizing American wheat with mills. Today our quality wheats are well established in this area.

Wheat Associates has done a fine job in the Far East, notably in Japan, where it works closely with the Japanese Food Agency and industry groups. These constructive efforts have helped to give the United States a major share of the Japanese market in most years. Purchases of U.S. wheat by the Japanese Food Agency in a recent 12-month period totaled over 100 million bushels—the largest commercial sales ever of U.S. wheat to a single country in a single year. But now our wheat market in Japan is in danger; our exports this year will be substantially below the 100-million-bushel market. And they will be off elsewhere. And why? A principal reason is the dock strike.

As foreign buyers are finding it impossible to get delivery on our products they are losing confidence in us as a reliable supplier of food and fiber—a reputation we have enjoyed for many years. Our farmers, who have enough problems at best, have a feeling of deepest frustration. They have not only seen supplies backing up from ports to producing areas, but they also have been worried that some part of the foreign market has been taken over by other supplying countries. We have been losing millions of dollars worth of business that has taken years of hard work to develop.

Let us hope that in 1972 there will be a solution to the problem of strikes—a permanent solution that is equitable and acceptable to all concerned. Labor and management would both gain. And farmers, who are caught in the middle, need assurance that they no longer will be plagued by strikes that paralyze our agricultural trade for extended periods.

Otherwise, there has been progress in the transportation area. President Nixon, with the concurrence of labor, has eliminated the requirement that 50 percent of U.S. exports to Communist countries be shipped in U.S. flag vessels. This removes an important impediment to the development of East-West trade. Without this action the large sale of U.S. grain to the Soviet Union last fall would not have occurred. And a few years back, the cooperation of many U.S. groups was successful in obtaining reduced freight rates from hard wheat producing areas to west coast ports—a factor which, tied in with our market development work in Japan, has helped us sell so much wheat to that country.

The reduced rates have helped our competitive position with Canada. Canada has not raised rates on the westward movement of grain in many years despite a general increase in the cost of operating its railroads.

World trade calls for international specialization similar to the specialization of U.S. agriculture.

At one time most American farms were self-sufficient. They produced all of their own food. Today they produce what they can produce best; they buy their other needs.

Trade permits the same kind of specialization on a worldwide scale. Some countries are extremely efficient producers of wheat, corn, and soybeans. Others excel in output of dairy products, canned hams, and wine. If trade is relatively free, the countries of the world can engage in what is, in effect, a vast exchange operation. And since each country tends to produce what it is best at, trade allows the world's people to enjoy a higher standard of living than would otherwise be possible.

Moreover, the country that can produce efficiently wants to export. The efficient producing country needs to export, because in many instances its resources cannot be advantageously turned to production of other kinds of goods without serious dislocation.

Therefore, efficient producing countries view trade restrictions as being basically unfair in that they are denied an opportunity to do what they can do best.

What are some of these unfair restrictions and practices and what should be done about them?

The United States has taken a stand against restrictive tariffs, nontariff barriers, preferences, and export subsidies. The United States has called on its major trading partners to reduce these trade hindrances.

We have been asked: "Are you prepared to do the same things?" Our answer has always been a prompt and clear "Yes."

We would not hesitate to ask American wheat exporters to give up their limited use of wheat export subsidies if other countries gave up theirs. We would not hesitate to ask our exporters to give up quota protection if major world importers would give up their quotas and variable levies and replace them with fixed reasonable tariffs.

An important example of how these trade restrictions operate is provided by comparing the principal features of U.S. and French wheat programs as they were a decade ago with what they are now.

In 1962 the United States set the loan rate on wheat at $2.00 a bushel. Payments of $285 million on extra wheat land taken out of production had the effect of adding 24 cents a bushel to the support price, making the full price $2.24 a bushel. (Farmers actually received $2.04 a bushel for 1962 crop wheat and this price, plus 24 cents in the form of payments, brought a "blend" price of $2.28 a bushel.)

As a condition for price support, farmers were required to comply with wheat acreage allotments as well as follow certain soil conserving practices. The 10.7 million acres of wheat land on which payments were made represented a substantial acreage curtailment in addition to the restraint of the wheat acreage allotment program.

Export subsidies averaged 55 cents a bushel.

Carryover stocks at the end of the 1962–63 marketing year totaled 1.2 billion bushels—about a year's production.

In France in 1962 wheat was supported at the equivalent of

$2.26 a bushel. This basic support price applied to a "quantum"—a quantity of wheat approximating France's usual domestic consumption and export sales. But from the support price the Government made deductions representing fixed taxes and assessments for marketings above the quantum, that averaged 15 cents a bushel making the actual support price $2.11. The French Government placed no restraints on acreage or the volume of marketings; the disincentive came from the deductions. Export subsidies in 1962–63 averaged $1.05 a bushel, while subsidies paid on wheat denatured for use as feed averaged 65 cents a bushel. Carryover stocks at the end of the season totaled about 120 million bushels.

What kind of programs do the two countries have today?

The United States has shifted to a "market oriented" system; that is, the market price of wheat has been allowed to come closer to the world price than formerly as a means of encouraging expanded domestic feed use and exports. As an offset to the adjustment in the support price, producers are getting an increased share of their wheat returns in the form of direct payments.

In fiscal 1971, the loan rate on U.S. wheat was $1.25 a bushel. Price support payments spread over the entire crop added an average of 54 cents a bushel, bringing the total average support rate to $1,79. (Farmers actually received $1.32 a bushel for their wheat, so with the 54-cent payment on top of that, the "blend" price became $1.86 a bushel.)

The restraint program was changed in 1971. Under the new system, farmers, as a condition of participation, were required to "set aside"—keep out of production, that is—acreage equivalent to 75 percent of their domestic wheat allotment. Nationally, this totaled 13.3 million acres. Farmers additionally were required to follow certain soil-conserving practices. Otherwise, they were permitted to plant whatever they wished, even wheat, on the acres not set aside. However, it should be remembered that for additional plantings, farmers' decisions to plant were based on the loan rate of $1.25 per bushel.

The United States is using export subsidies to a diminishing extent; they averaged 23 cents a bushel in fiscal 1971. And it has no subsidy for feed wheat.

Carryover stocks amounted to 731 million bushels at the end of the 1970–71 marketing year.

France's wheat program today is an integral part of the European Community's Common Agricultural Policy. Under the program, France is supporting soft wheat at a rate of $2.54 a bushel—a rate that does not reflect support for hard or Durum wheats. There are no restraints of any kind on production or marketings. The Government subsidizes the export of wheat—the current subsidy being $1.25 a bushel—and pays about 43 cents to denature the grain for feed use. Carryover stocks at the end of the 1970–71 season totaled 66 million bushels.

In summary: Since 1962 the United States has reduced its level of support by about 20 percent. France has raised its support by 20 percent in terms of dollars, and by 23 percent in terms of francs. (A realinement of currencies that has meant more francs to the dollar accounts for the difference.)

Since 1962 the United States has reduced its rate of export subsidy payments by 58 percent. France has increased its rate by 19 percent.

The United States does not have a denaturing subsidy. France continues to have one.

The United States has made restraints on production a condition for participation in the price support program. France imposes no production or marketing restraints on its farmers. They are free to add wheat—or barley or corn—to the world supply, be it large or small.

What would happen if France used the U.S. system?

France's basic support price would drop to $1.25 a bushel —about half of what it is now. But in addition, French farmers would receive payments as direct income support and for restraint of production. These payments could be scaled high enough to give producers a current basic support price equal to the present $2.54. This would greatly stimulate livestock production in France, because it long has been clear that the major deterrent to the production and consumption of livestock products in France and the rest of the Community has been the high cost of grain.

If France had withheld the same percentage of its wheat land from production in 1971 that the United States withheld, it would have taken out 1.33 million acres. On the basis of average yields this would have meant a reduction in the wheat harvest of 77 million bushels.

No denaturing subsidy would be required. There would be a sharp decrease in the export subsidy.

If the United States were to pay an export subsidy on wheat equal to France's current subsidy of $1.25 a bushel, Canada and Australia would say, with complete justification, "You are distorting the world wheat market for other efficient producers." Moreover, the cost would be of staggering proportions considering that under the French system we would also remove all production restraints.

We have been pushing the Community very hard to give us improved access to that market for grain. We have been doing so because, prior to formation of the Community, the individual countries making up that area had been in the aggregate the world's largest importers of grain and in past trade negotiations had made concessions on grain imports.

Since the Community always has rejected the idea of production restraints, we have urged it to reduce its prices—because that is the only way left for us to improve our access to the market. In talking about the level of prices, we are obviously talking about a reduction in the Community's variable levy. These price reductions could readily be offset by direct payments to protect farm income.

It is interesting to note that Norway, one of the four new countries seeking membership in the European Community, may be using direct payments. To ease transition, the Community will apparently permit Norway to make direct payments, reflecting the difference between Norway's higher price guarantees and the lower Community levels, which Norway will accept upon entry. These payments will be for a limited period, and the additional cost will be paid by the Norwegian treasury and not by the Community's guaranty fund.

Our overall concern about Community enlargement is heightened by the fact that our studies and the studies of others indicate that by 1980 the enlarged Community will be virtually self-sufficient in grain production. Just as French and German wines and Dutch hams have access to the U.S. market, which facilitates growth of trade, we have been pressing for comparable access to the market for U.S. grain.

What is the relationship between our problems of trade and the new economic program of the Administration?

When President Nixon made his dramatic announcement of

(Continued on page 10)

Changes Expected In South Asia's Agricultural Trade

By JOHN B. PARKER, JR.
Foreign Regional Analysis Division
Economic Research Service

The recent Indo-Pakistani war created a new political framework that will have a profound effect upon South Asia's agricultural trade.

Trade between East and West Pakistan—mostly agricultural commodities and textiles—was valued at $457 million in 1970–71. (See *Foreign Agriculture,* May 17, 1971.) This trade is now expected to diminish if not entirely cease for a while. On the other hand, East Pakistan is expected to become a large market for India's textiles, consumer goods, sugar, and grain. India's trade with Pakistan from 1965 to 1971 was nil.

East Pakistan will need larger supplies of rice, cotton, tobacco, and vegetable oils from foreign suppliers in 1972 to make up for supplies previously received from West Pakistan. West Pakistan's exports to world markets of cotton textiles, raw cotton, rice, and tobacco are likely to increase to offset the loss of the East Pakistan market.

East Pakistan—Agricultural production in East Pakistan in 1971 was nearly 10 percent below the 1970 level because of political disruptions. Reductions were most acute for tea (down 52 percent) and jute (down 22 percent). The major producing area for tea is located in the western part of East Pakistan where Hindu tea pickers joined the exodus of refugees to India. Very little tea was picked during the last 7 months of 1971. Jute production declined in 1971 because of floods and political disruptions in the major jute growing areas.

Rice provides over 70 percent of the caloric intake of the East Pakistani diet, but rice production dropped nearly 20 percent between 1969 and 1971. The 1971 decline resulted from abandoned fields as millions fled to India. The main rice crop, which accounts for over two-thirds of the area's total rice production, is usually harvested from late November through early January. The *boro* crop (dry season crop), which consists heavily of high-yielding varieties, is also planted during this period. War conditions and the unsettled situation in most rural areas have hampered harvesting the *aman* crop (monsoon season crop) and planting the *boro* crop. The decline in rice production in 1970 was caused by the huge tidal wave which swept up the Bay of Bengal in November 1970.

East Pakistan imported about 543,000 metric tons of rice in 1970–71, including 311,000 metric tons from West Pakistan. Mainland China, Japan, and Burma were also important suppliers. The United States programed 50,000 metric tons of rice for East Pakistan under the P.L. 480 program in 1971, but most of the rice was diverted to South Vietnam, Indonesia, and Ceylon. War conditions prevented the delivery of rice at the port of Chittagong (at the eastern mouth of the Ganges) in late November and December.

The rice shortage in East Pakistan is expected to intensify as refugees return from India. Imports of rice in 1972 are likely to exceed 1 million metric tons, including some supplies from India during the next few months.

East Pakistan is also likely to need 1 million metric tons of wheat from outside suppliers in 1972. Imports of wheat increased from 480,000 metric tons in 1965–66 to 945,000 tons in 1969–70, including about 800,000 tons from the United States and 86,000 tons from West Pakistan. Wheat and soybean oil accounted for most of the U.S. agricultural exports to East Pakistan, which averaged $75 million during 1970 and 1971.

Factories producing cotton textiles and cigarettes in East Pakistan have expanded their production rapidly in the last decade. A large part of the raw materials came from West Pakistan ($28 million of cotton and $21 million of tobacco in 1970–71). East Pakistan is likely to search for new suppliers of cotton and tobacco in 1972.

A marked reduction in oilseed crops in 1971–72 will cause East Pakistan to seek larger imports of vegetable oils. The United States has sent about 50,000 tons of soybean oil annually to East Pakistan in the last 3 years.

Sugarcane production was below normal levels in 1971: estimated refined sugar production was 50,000 metric tons, about half of the normal output. Stocks at the beginning of 1971–72 were adequate for 6 months, and imports will probably be necessary in 1972.

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Stripping jute in East Pakistan

Romania and Hungary Expand Feed and Livestock Output To Provide More Food And Increase Shipments Abroad

By HAROLD C. CHAMPEAU
Grain and Feed Division
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Romania and Hungary share a common goal—to produce more meat, both to feed their people and for export to Western Europe. Since their natural and developed agricultural potentials differ, their approaches to their goal must differ also.

Romania, for example, is two and a half times larger than Hungary and, although its population is twice as large—20.3 million compared with 10.3 million—it is less densely populated.

Romania's 37.1 million acres of farm land are more than twice Hungary's 17 million acres.

Romania's grain crops during the last 5-year plan (1966–70) averaged 12.6 million metric tons, compared with 8.2 million tons for Hungary, its oilseed production has been six to eight times larger, and its cattle and hog population is nearly half again as large as Hungary's. On the other hand, Hungary's higher grain yields and larger per capita production of grains, meat, and milk compensate somewhat for the country's smaller size.

However, Hungary has been less successful than Romania in satisfying either its feedgrain or high-protein feed needs from domestic production because of its higher living standard and higher protein consumption. Even though it has been a consistent exporter of both wheat and feedgrains, it has remained a net importer, although decreasingly so in recent years.

Hungary's exports traditionally have been at a lower level than those of Romania. Romania has sustained a favorable balance of grain exports over imports during the past decade, except in 1970–71, following the heavy flood damage of 1970.

The new 5-year plans with their focus on expanded livestock production probably will alter formerly predictable export patterns in both countries.

Romania will strive to reach its goal by large investments in irrigation and animals and will depend entirely on domestic feed sources, no matter how costly.

Hungary, on the other hand, will depend more on Western technology, machinery, and improved seed. It will import high-protein feeds and feedgrains if domestic output is insufficient.

Both countries will continue to import some feeds from the United States, although Hungary's purchases will be much larger than Romania's. For example, in the first 9 months of 1971, Hungary bought 220,000 tons of soybeans and meal, 90 percent from the United States. Imports in 1972 are expected to rise, with increasing emphasis on meal. The trend from beans to meal indicates that supplies of domestic vegetable oils are adequate.

Romania. Romanian planners have set exceedingly ambitious goals for 1975 considering the modest gains made during the 5-year plan ended in 1970. They want to see a 43-percent increase in cattle numbers; 70 percent in hogs; 63 percent in poultry; and 12 percent in sheep.

Coordinated goals have been set for the food industry calling for expanded production of 100 percent for fresh meat, 59 percent for canned meat, 36 percent for meat products, and 104 percent for milk and dairy products.

Bold per capita consumption plans have been outlined for 1975, including an increase up to 110 pounds of meat, compared with 59 pounds in 1965 and 68 in 1970. The goal for milk and milk products (except butter) has been set for up to 441 pounds, compared with 232 pounds in 1965 and 309 in 1970.

To achieve its aims, the state will

Hungarian livestock farm. Both countries are focusing on expanded livestock output in current 5-year plans. Right, poultry farm in Mihailesti, Romania. Some modern poultry farms, such as this one, produce up to 2 million broilers annually.

concentrate on large-scale "industrial type" units for breeding, raising, and fattening cattle, hogs, and sheep, and for broiler and egg production.

Romania currently exports large quantities of live animals and beef to Western Europe. Some 100,000 calves and 50,000 tons of beef go to Italy each year, but the European Community (EC) levy system has led Romanians to export smaller-sized animals—less than 900 pounds. Live animal exports, however, are expected to remain profitable because of Romania's favorable location in relation to West European markets.

Excluding Russia, Romania has the largest sheep population in Eastern Europe—about 14 million head. Although there is little interest in mutton at home, a profitable market exists for sales of fattened lamb to the Middle East.

Poultry is providing an expanding share of the Romanian diet. Poultry numbers are rising rapidly. Some state farms claim a capacity of 950,000 laying hens and a production capacity of 2 million broilers annually in five 8-week production cycles.

The current 5-year plan calls for an increase in domestic production of feedgrains and vegetable protein feeds to support the expanding livestock industry. Targets for grain are set at 17.5 million to 18.8 million tons by 1975, compared with an estimated 14 million to 15 million in 1971.

A sharp expansion in livestock herds and feed needs could result in a marked reduction or even a halt in grain imports, especially wheat and corn, even though these commodities have proved a dependable source of foreign exchange in recent years.

Romania plans to expand large-scale irrigation to compensate for drought conditions which hit the country about 1 year out of 2. Heavy investment will be poured into the program, aimed at irrigating 5.2 million acres by 1975. If this figure is reached, it would more than double the current 2.2 million irrigated acres. Corn, which will continue to be the major grain with the largest acreage and the highest yield, will be the No. 1 crop under irrigation—with 60 to 65 percent watered. Soybeans and sunflowers, too, will benefit.

Romania is rapidly expanding its output of vegetable protein, consistently producing more oilseeds than any other East European country. It is a regular exporter of oil.

Most rapid progress is being made in soybean production. In 1965, soybeans were grown on slightly more than 37,000 acres; by 1971 planted area had expanded to more than 370,000 acres, with good yields reported.

The aim of the 5-year plan is to at least double acreage by 1975. Figures up to 865,000 acres are forecast.

Soybean production apparently is costly in Romania. Expansion of the crop—largely at the expense of wheat—is being encouraged through incentive prices to growers and large-scale irrigation which is expensive.

Policy guidelines, however, indicate that if needed protein can be produced domestically, even at high cost, it should be attempted so that limited foreign exchange may be used to buy goods which cannot be produced at home.

Hungary. Hungarian planners, too, have set ambitious targets for their 5-year plan which has just begun. They are calling for a 3.2-percent annual rise in livestock production and a gradual increase—from 41 percent in 1970 to 43 percent in 1975—in livestock's share of total farm output.

To accelerate livestock growth, Hungarians plan to raise feed crop output, to import needed high-protein feeds, and to expand and modernize large-scale operations, backed by necessary investment and subsidies.

Specific aims are a growth of 11 percent in beef cattle, and increases of 20 percent in milk production, 9 percent in poultry stocks, and 26 percent in poultry for consumption. Pork output, which failed to meet domestic needs during the 1966–70 plan, also is scheduled for expansion.

The weak spot in Hungary's livestock industry appears to be cattle. Cow numbers declined by 7.5 percent during the last 5-year plan. Little progress was made in 1971—the first year of the current 5-year plan—and advances will be slow, especially with the admitted calf and cow shortages.

The incentives for exports are there, however. Hungary already is exporting 100,000 head of fed beef and the equivalent of an additional 100,000 head in beef annually. Exports are made easier by low beef consumption at home, but a basic deterrent to larger exports of fresh beef is the severe limitation of facilities for processing meat.

Live cattle sales, on the other hand, are doing better. Hungary is fattening bulls for export to more than 1,200 pounds, getting higher prices than Romania, although paying higher levies.

Small numbers—about 15,000 head a year—of milk-fed calves weighing up to 375 pounds are being exported. However, the low calf supply, limited milk supplies, and higher costs for imported powdered milk are causing Hungarians to fatten their calves to heavier weights, thus adding to the pressure on the country's feed supplies.

Hungary's hog population has fluctuated sharply from year to year, but now is at a record 8 million head where it is hoped to be maintained. Pork is a preferred product at home and will be counted on heavily to provide increasing consumption needs. Exports of high-quality pork products such as salami, ham, bacon, and canned pork should continue to be profitable.

Production of poultry will be maintained and perhaps increased modestly because poultry is second only to pork as a preferred dietary item. The trend in poultry production is toward large-scale industrial complexes, but since prospects for exports to hard-currency countries are dim, pressure to raise production is not great.

Recent trends in Hungarian crops show a rise in wheat and forage, fairly stable corn output, and acreage declines

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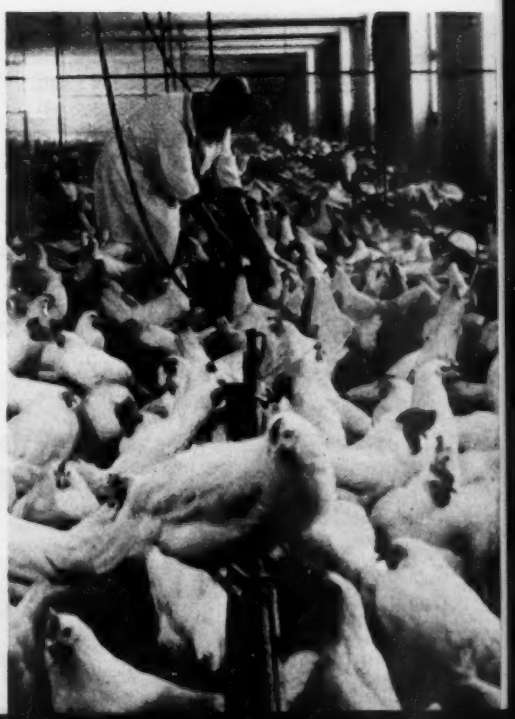

Norway, A Growing Market For U.S. Soybeans

By HARLAN J. DIRKS
U.S. Agricultural Attaché
Copenhagen

Norwegian soybean processors have found a way to literally "spread" their products on the consumer market—as soybean oil margarine. Through an aggressive campaign urging consumers to use "healthful" all-vegetable margarine, processors have managed to double sales of soybean oil margarine in a 10-year period when total sales of margarine—vegetable and nonvegetable—actually declined.

Growth in margarine sales has been a gain for American soybean growers, since most of Norway's soybeans are imported from the United States. Total imports of soybeans have risen from 23,000 metric tons in 1955 to 183,000 metric tons in 1970. At the same time, crushing capacity has expanded from one small plant to three modern extraction plants.

Two of these plants plan to expand their crushing capacity in the near future. The plant at Egersund is presently installing new equipment which will increase capacity to 400 metric tons per day. If new expansion plans are completed, total crushing capacity could reach 400,000 metric tons within a few years; however, utilization of this capacity will depend on the market potentials for soybean oil and meal.

The driving force behind this growth in the soybean processing industry has been soybean oil margarine. In 1970, Norway produced 33,000 metric tons of soybean oil. Seventy-five percent of this total was used by the margarine industry; the remainder was used by food processors and home and industrial users.

Soybean oil has gradually displaced fish oil as the base for margarine in Norway. In addition to an effective campaign to convince consumers to switch from animal oil to vegetable oil margarine, soybean processors have been aided by the decline of the fish oil industry in recent years. Although supplies of fish oil are still in excess of domestic demand, production costs have risen while output has declined, primarily because catches in the last few years have included lower oil-yielding types of fish.

Although hardened soybean oil is currently selling for 5.6 U.S. cents per pound more than hardened fish oil, manufacturers have not reduced soybean oil production: recent technological developments have produced a soybean oil margarine which is as stable and storable as fish oil margarine. Even though production of fish oil is expected to increase in 1971 and 1972—and oil prices to fall—soybean oil will probably continue to take increasingly larger shares of the margarine market.

Sales of soybean meal have not kept pace with the expanding market for soybean oil. Norway's lagging livestock industry has not been able to absorb the meal left over from crushing. In recent years, crushers have had no problem in selling surplus meal to neighboring countries at favorable prices; however, most feel that home consumption of meal must rise if crushing capacity doubles within a few years. Since soybean meal has yet only limited use in food production, livestock feed will have to be its main outlet.

Increased poultry and hog production is the greatest potential market for soybean meal in Norway. Broiler production has been slow in developing, but is finally getting off the ground. Although broiler production for 1971 is forecast at a modest 3,400 metric tons, that is nearly double the amount 5 years ago, and 10 times higher than a decade ago. Pork production has slowly increased over the last 10 years, although no large surge in output is expected so long as Norway lacks adequate supplies of feedgrains. Declining herds of cattle are expected to level off and could possibly expand in the years ahead if the strong demand for beef continues.

Even with these possible gains in livestock production, available supplies of soybean meal may still exceed demand, especially if the planned expansion of the crushing plants takes place. A large surplus of soybean meal, while a problem, is not an insurmountable one: most of the meal moves from the crushing plant by water transport, and can be shipped to the ports of neighbor-

Right, a proportioning device, which controls the flow of ingredients of soy margarine just before blending. Below, attractive, convenient packages help increase consumer acceptance of soy margarine.

ing countries nearly as economically as to domestic ports.

Norway's proposed membership in the Common Market, which is now being negotiated, is not expected to have any substantial adverse effect on U.S. soybean sales to Norway, provided soybeans continue to receive favorable import treatment under the CAP.

If Norway becomes a member of the expanded Common Market, soybean crushers would loose the protection of a 1-U.S.-cent-per-pound import duty on soybean oil imports, which has provided some protection against imported oil. Although this action could increase foreign competition, it could also lower prices which would in turn stimulate greater usage of soybean oil.

Common Market membership would not hurt Norway's consumption of soybean meal, since the livestock sector of Norwegian agriculture would fare better than most other sectors. In fact, income from livestock production could be slightly higher under EC prices, since feed prices would be lower.

The Norwegian Government has also proposed a system of direct payments to farmers in certain sectors and regions who would sustain inome losses under EC membership. These payments would encourage expansion of the livestock industry and in turn increase the demand for soybean meal in Norway.

Cartons of soy margarine--made mostly of U.S. soybean are stacked prior to delivery to Norwegian stores.

(Continued from page 7)

Romania—Hungary

in barley, rye, oats, potatoes, and sugar beets.

Although Hungary's arable land is shrinking, yields are rising because of expanded irrigation and such other Western production inputs as better seed selection and improved varieties, increased fertilization, advanced technology, and modern machinery. At the end of 1970, 1.1 million acres of farm land were irrigated.

The 5-year plan calls for a 25-percent rise in corn output, but, unlike Romania, Hungary will not make extensive use of large-scale irrigation to expand corn yields. Corn is considered a more profitable export item than wheat, but Hungary's growing livestock industry will need more than 5 million tons of corn a year, so the possibilities of continued corn exports are slim. However, Hungary hopes to continue exporting wheat after domestic needs are met.

Traditionally, Hungarians have used about 40 percent of their wheat crop for feed. Despite intensified corn cultivation, they will continue to grow wheat for feed because soils and climatic conditions in some areas favor soft wheat over corn.

Plans also call for expanded clover and alfalfa production, to be dehydrated for hog feed. Corn, however, will continue to be the prime hog fattener.

The weakest point in Hungary's drive to feed larger herds is in high-protein feeds. Hungary is one of the smallest producers of oilseeds in Europe and there is now, and will continue to be in the foreseeable future, a critical shortage of protein feeds.

Sunflowers are Hungary's major oilseed crop, and even though a record 150,000 tons of seed was harvested from nearly 300,000 acres in 1971, production in recent years has averaged only about 94,000 tons. Plans are for a 10-percent increase in sunflower acreage and, hopefully, a comparable rise in yields of sunflowerseed over the next few years.

Small crops of flaxseed and rapeseed also are grown, but soybean cultivation is not considered profitable.

Because of its insufficient oilseed production, Hungary must import soybeans, peanuts, sunflowerseeds, and fishmeal to meet protein feed needs.

(Continued from page 4)

Trade Barriers Hamper World Farm Trade

last August 15—particularly the provisions imposing a 10-percent surcharge on imports and the lifting of the gold cover from the dollar—he was telling the world that we had deep trouble with trade and with our balance of payments. The search for new currency realinement has enormous financial implications, of course, but this is just as much a search for improvement in the terms of trade between us and our trading partners. The agreements that have been reached in this area are designed to make our exports more competitive and to make imports less competitive.

There will be substantial benefits to our agricultural exports in these new arrangements for those commodities subject to fixed protective levels at foreign borders. But where levy systems are operating, we can obtain benefits only if the levies are reduced by the amount of the realinement. That is the principle we have been following in discussions with the Community. We have been asking for the same kind of benefits on wheat and feed grains as we will get on soybeans and cotton.

What role is played by international agreements in implementing trade?

The first International Wheat Agreement (IWA) was useful in its day. Its minimum price was set low enough so that world prices hardly ever reached that level. However, when world prices got down to the minimum (and there is still argument among the experts as to whether the minimum was actually reached) members were not prepared to test the remedial machinery. Not once did Canada, or Australia, or the United States call on any importing country to fulfill its obligation because prices were at the minimum. In the main, the IWA was a vehicle for cooperation among exporting countries.

By the time the International Grains Arrangement (IGA) came along in 1967, there were new factors in the picture. Remember all the talk about world starvation, which was followed by greatly increased production? Also, the European Community was shifting from the role of wheat importer to wheat exporter.

Actually, the world wheat situation had changed dramatically even before the IGA came into being. There was pressure on the minimums before it started operating. The new agreement simply was not tailored to the changed situation. Price levels it provided were considerably higher than the price in the IWA—and the basis for pricing was shifted from a single Canadian wheat at lakehead to the wide range of wheats positioned at U.S. gulf and west coast ports. It is noteworthy that there was no provision in the IGA for exporters to obtain improved access for wheat in importer country markets; there was no provision for production restraints in the exporting or importing countries; nor were there any limits on export subsidies. And the United States before long had reason to recognize that two of the major exporters had obtained advantageous provisions permitting them to sell their wheat competitively in the most distant markets of the world.

To me, by far the most important of these elements is improved access to markets—the opportunity to sell importers more wheat in the future than we have in the past. Unfortunately our European friends have not been willing to consider such an element.

During meetings following implementation of the IGA, we found, once again, that the major value of this agreement was its function of providing the exporting countries a forum for settling differences among themselves. To make the IGA work, countries would have had to remedy the causes of wheat price declines. Those countries with overly favorable basing points would have had to agree to adjust them. Those countries offering too much wheat in world markets would have had to reduce their offerings. This meant not only reducing current offerings but restraining future production as well. These corrective measures proved impossible of attainment. The major exporters, by mutual agreement, disregarded the price provisions of the IGA.

The 1970–71 season was favorable. Price levels were up. The United States had one of the best export years in its history. However, this improved situation was not the result of the international agreement. Rather it was the result of greatly improved world demand for grain, growing out of small harvests in many countries, including the United States.

The present IWA, which became effective last July, continues to offer exporters the same chance they had under the two previous agreements—the opportunity to settle differences they have among themselves. But it does not deal with the basic trade problems of U.S. agriculture any more than the previous agreements.

The basic trade problem of the exporting countries is how to sell more of their efficiently produced commodities at world prices to the importing countries. This is really what the fussing in trade is all about. You have had an overriding interest in the volume of exports. That is why you have worked so hard with us on market development, transportation problems, quality improvement, and combating threats to our liberal trade policy. I have never seen a time when our wheat producers were not eager to sell as much of their wheat as possible in world markets. You have always urged us to be competitive—to fight for markets. These are objectives which have guided us in our past efforts and ones I believe we should continue to pursue as we have further discussions and negotiations with our trading partners in the period ahead.

EC Cost of Living Spirals

Prices for consumer goods in the European Community rose faster in 1971 than in any year in over a decade.

In October 1971, Frenchmen paid 5.8 percent more francs for consumer goods than a year before, while their Italian neighbors needed 4.5 percent more liras.

Between November 1970 and November 1971, consumer prices rose by 5.3 percent in Luxembourg and by 5.8 percent in Belgium; Dutch consumers faced the biggest jump of all—an 8.3-percent rise during this 1-year period.

Currency revaluations, which were negotiated in December, should help ease future inflation; on the other hand, adjustments to the EC's Common Agricultural Policy—which are designed to offset the impact of revaluation on farmers—would tend to add to inflation, particularly in France and Italy, and particularly if additional agricultural support prices are raised another 5 to 8 percent in 1972–73.

Italian Honey Producers Swarm With Demands for Government Assistance

Italian honey producers are involved in a series of sticky problems. They involve the industry's desire to win acknowledgment as a valuable contributor to Italian agriculture, to gain assistance and benefits from both the Italian Government and the European Community (EC), and to be relieved from restrictions imposed by outdated regulations that Italian honey producers believe hamper growth of the industry.

Although Italy is an important exporter of high-quality bees (the ligustica, for example), it does not produce enough honey to satisfy even its own needs.

In Italy there are about 70,000 apiarians and 750,000 bee colonies (averaging 30,000 insects per colony) which produce some 6,800 metric tons of honey each year. Given Italy's heterogeneous flower industry and the total honey production in the European Community as a whole, this is a relatively small output.

In 1969, Italy imported 1,581 metric tons of honey from Argentina and Mexico at a cost of some $327,000. The necessity to import greatly concerns Italian apiarians, who feel that with more efficient production and a little Government assistance, Italy could change its status from importing country to exporting country.

Although honey production comprises a small segment of Italy's total agricultural picture, approximately $3.3 million is involved. In addition, Italy's fruit and vegetable sector benefits greatly each year by the pollination activities of honey bees. These services are worth millions of lira to Italian fruit and vegetable growers, but a definite value cannot, of course, be assigned.

Italy's honey consumption exceeds production, but imports are essentially not governed by demand by individual consumers. Much of Italy's honey is used by several large candy and pastry industries. There has been little effort to educate Italians on the digestive and dietetic qualities of honey. Thus Italy's honey consumption by individuals is relatively small compared to West Germany's, where some 55,000 tons of honey are consumed annually.

According to the Italian newspaper, *La Stampa,* Italian apiarians are unhappy with current price discrepancies. In order to make a reasonable profit, bee raisers claim they must sell honey at a minimum of 25 U.S. cents per pound. They are, however, getting only 16-18 cents a pound (slightly more for producers in mountain areas). Producers also feel that social benefits for the industry are insufficient even though the Government, through certain programs, contributes some $327,000 annually for voluntary pooling of honey.

Producers are pressing for changes that will improve their status and the conditions under which they work. They seek revisions in the 1925 law that controls their activities, and are demanding an EC regulation for the industry. They want more protection for Italian honey through duty assessments on honey imported from non-EC countries. They also want greater affirmation of the industry's contribution to the country's economy—and the personal satisfaction of being recognized as members of a valid and honorable sector of Italian agriculture.

—Based on a dispatch from
FORREST K. GEERKEN, JR.
Assistant Agricultural Attaché, Rome

In-Am Development Bank Cuts Back On Agricultural Loans

Inter-American Development Bank Loans for agricultural purposes amounted to $93.2 million during 1971—a drop of some 60 percent from the previous year's $236 million. Development Bank loans for all purposes in 1971 totaled approximately $659.2 million, a new record.

Loans made last year for agricultural purposes included $32 million to Mexico for farm credit. Paraguay received $15.4 million for a broad agricultural development program; Colombia and Venezuela received loans to combat foot-and-mouth disease and Haiti, Honduras, and Peru were granted farm credit and extension services loans.

Farmers in seven Latin American countries will also benefit from the Bank's loans for construction of farm-to-market roads and for general road maintenance programs. The countries and the amounts of their loans (in millions) were: Bolivia ($1.7), El Salvador ($10), Guatemala ($6.6), Honduras ($6.3), Nicaragua ($3.5), Panama ($16), and Peru ($11.8). The Bank also lent $33.1 million to Venezuela for rural electrification projects.

FAS Announces Four Attaché Appointments

Appointment of U.S. Agricultural Attachés to four major overseas posts was recently announced by the U.S. Department of Agriculture. The appointees and their countries of assignment are David L. Hume (Japan), William Rodman (the United Kingdom), Richard L. Smith (Mexico), and Harry C. Bryan (Portugal). A major function of all four will be to guide U.S. agricultural export promotion work in their countries of assignment.

Mr. Hume has been a Department of Agriculture staff member since 1955 and Agricultural Attaché in London since 1968. He joined the Foreign Agricultural Service as Director of its Dairy and Poultry Division, and served 5 years as Assistant Administrator for Export Programs with major responsibilities for direction of USDA export market development work. Mr. Hume will replace Attaché Elmer Hallowell in Tokyo. Mr. Hallowell will return to Washington for reassignment.

Mr. Rodman has been Agricultural Attaché in Mexico City since 1967. He also served as Attaché in Australia and Costa Rica and has had assignments in other foreign countries and the United States. He succeeds Mr. Hume.

Mr. Smith, who will be stationed in Mexico City, joined the Foreign Agricultural Service in 1959, following graduation with a master's degree from the University of New Hampshire. He has served as Assistant Attaché or Attaché in Bogota, Colombia, and San Salvador, El Salvador. Mr. Smith takes over his new post from Mr. Rodman.

Mr. Bryan, appointed to Lisbon, previously served as Assistant Agricultural Attaché in Karachi, Pakistan, and as Agricultural Attaché in Guatemala City, Guatemala. He joined the Foreign Agricultural Service in 1959. Mr. Bryan replaces Ford Milam, who has returned to Washington for reassignment.

Communal Farming Projects Boost Crowded Rwanda's Rural Income

Rwanda, a country about the size of Vermont in the highlands of east central Africa, has been engaged since 1953 in an agricultural experiment to attempt to raise the income of its farmers and increase the country's agricultural production. A study recently reported on by the magazine *Bulletin Agricole Du Rwanda* indicates that the program has succeeded in improving the income of at least a few farmers.

Rwanda has a population density of 360 persons per square mile—the highest in Africa; and the total is growing steadily. Per capita income is less than $40 annually. For their food, the Rwandans depend for the most part on crops produced by hand on small plots with the hoe as their main tool. Because of the advantages devolving from cooperative farming, the Government has established planned communities of small farms known as paysannats.

Each farm—consisting of up to 5 acres of crop land—is situated along an access road in order to help solve some of its transportation problems. The farmsteads and fields in which cash crops are grown are also near the road. Livestock grazes on land held in common by the farm community.

Each paysannat has an agricultural center with a supply and marketing cooperative, a school, a medical center, and a social center. Agricultural technicians are also assigned to each.

Since the early fifties, about 30,000 families have been resettled on 24 paysannats. A study of the 1969 farming operations of 60 such families in the paysannat of Icyanya, east of the Rwandan capital of Kigali, shows that these small coffee farms are producing crops valued at some $300, lifting the income of these farm families well above the estimated 1967–68 per capita income for the country as a whole.

In terms of cash value, the most important crops produced in 1969 by the Icyanya Paysannat were dry beans, sorghum, sweetpotatoes, bananas and plantains, and cassava. Coffee is generally a good money earner, but 1969 was a poor coffee year.

The paysannat farmers often add to their income by processing some of their crops. For example, value is added to bananas and sorghum by using them as ingredients for beer.

By fermenting 150 bunches of bananas, with a 1969 market value of about $45, many farmers made 600 quarts of beer with a sales value of about $78, for a value addition of $33. Similarly, many farmers were able to convert 863 pounds of sorghum into 760 quarts of beer worth 6.5 cents per quart, for a total of $49.40. Subtracting the value of the sorghum left $30.40 as valued added by making sorghum beer.

Farmers living on the Icyanya Paysannat had an average gross 1969 income of $383 from their crops, livestock, and poultry production, and from the value added through their beer-making operations. On the basis of 5 persons per household, their per capita income was $76.60, more than twice the estimated 1967–68 per capita income of $34.50 for Rwanda as a whole.

Of the $383 average gross farm income, the Icyanya families realized a cash income of some $145. This compares with an average per farm cash income of only $41.25 for the country as a whole, based on an average per farm production of $172.50.

Award-Winning Ad Highlights PEIA Promotion

An advertisement for U.S. chicken, which was used by the Poultry and Egg Institute of America (PEIA) in Japanese trade and commercial publications, was a winner in the recent annual contest for color advertisements sponsored by the Nihon Keizai Shibun Publishing Company of Tokyo.

The ad, which placed second in a field of 174, was praised for its simplicity, imagination, and food appeal.

It featured a single piece of chicken and a western-style branding iron. The brand was the seal of USDA's Inspection Service.

In the photo below, the director and staff of PEIA's Far East office display the ad (left) and award (right).

The ad's narrative expressed PEIA's wish to brand every piece of U.S. chicken sold in Japan, so that consumers could easily identify its quality, cleanliness, and wholesomeness.

Curtis Collier, Far East Director of PEIA, said that the ad played an important part in the campaign to sell U.S. chicken during Japan's yearend gift-giving season.

In addition to this advertising effort, PEIA—in cooperation with the agricultural attaché—also participated in hotel and restaurant shows in the cities of Fukuoka, Nagoya, Hiroshima, and Takamatsu. About 3,000 institutional buyers attended these shows, where PEIA's booth featured the newest products of processed U.S. poultry.

PEIA was also busy participating with large retail meat shops and supermarkets during the holiday rush, and with some success: the Umeya Shop in Yokohama announced sales of over 2,000 U.S. turkeys in a joint promotion with PEIA.

Traveling Food Exhibition Spotlights American Products in Western Japan

The first traveling American foods exhibition to be held in Japan completed on December 1 a highly successful tour of four cities in western Japan. Over 3,000 food trade executives and Government officials were exposed to some 500 American food and beverage products. These were displayed by 22 Japanese agents and four U.S. agricultural cooperator organizations—California Almond Growers' Exchange, California-Arizona Citrus League, Poultry and Egg Institute of America (PEIA), and the USA Dry Pea and Lentil Council.

With items ranging from canned and processed foods to frozen turkey to wines to candy, the exhibition was open to invited trade visitors for 2 days in each location. Starting in Fukuoka (Kyushu) on November 9 and 10, the exhibition moved on to Nagoya (Nov. 16–17), Hiroshima (Nov. 25–26), and Takamatsu (Nov. 30-Dec. 1).

Among distinguished visitors during the tour were the American Consul and his staff in Fukuoka; the Governor of Aichi Prefecture in Nagoya; and the Hon. Armin H. Meyer, U.S. Ambassador, who escorted the Governor of Hiroshima Prefecture to the exhibition in Hiroshima City. At Hiroshima, a typical American Thanksgiving dinner, with turkey, cranberry sauce, and "all the trimmings," was held for members of the press, courtesy of PEIA.

Sales expected to result from the exhibition are estimated at $1.5 million. Press conferences and receptions for top executives generated strong media interest and resulted in widespread newspaper, radio, and TV coverage. Executives of several department stores and food chain organizations indicated that they would increase their promotions of American foods and requested the U.S. Agricultural Attache's assistance in staging American food festivals in 1972.

The U.S. Trade Center Staff in Tokyo is planning similar exhibitions at hotels in the northern market centers of Sendai and Sapporo, as well as Osaka, during 1972. There also will be in-store promotions in 30 to 40 outlets in the new areas and those covered in the November 1971 American foods exhibitions.—By *Office of U.S. Agricultural Attaché, Tokyo*

Florida Orange Juice Marketed in Norway

Backed by a total promotion budget of $100,000, three of Norway's leading dairies have launched a new three-party marketing plan for "dairy"-fresh Florida orange juice.

The frozen concentrate is shipped to Norway in barrels. There it is reconstituted by the dairies under rigid quality-control measures and distributed in paper cartons through their regular cooled-milk distribution organizations. This distribution system greatly expands the market for Florida orange juice and at the same time insures the delivery of a fresh product. The three dairies will cover a large portion of the food stores in Norway.

This method of distribution has been successful in greatly expanding the market for Florida citrus juices in Sweden.

The three dairies engaged in the project are: Fellesmeieriet (Oslo), serving the high-income Oslo area and surrounding counties; the Tromsoysund Meieri (Tromso), covering northern Norway; and Bergensmeieriet, covering the west coast. Fellesmeieriet featured Florida orange juice in a display at the Oslo Household Fair, shown below.

By HARLAN J. DIRKS
U.S. Agricultural Attaché, Copenhagen

New Bibliography Lists Food Marketing Studies In Developing Countries

A recently published bibliography, *Food Marketing in Developing Countries*, contains titles and descriptions of more than 170 research papers and studies by the Agency for International Development, the U.S. Department of Agriculture, by universities, and by private firms. The publication covers studies of agricultural marketing performed under AID auspices since 1959.

The new bibliography is part of a series of AID-financed bibliographies on agriculture, development administration, health, education and human resources, and civic participation. Included are bibliographies on wheat, rice, and poultry production.

The largest number of marketing studies have been on price policies and price stabilization programs, with emphasis on Asia. Primary focus was on India's grain pricing policies.

Copies of *Food Marketing in Developing Countries: An Annotated Bibliography* (AID Bibliography Series, Agriculture No. 6, December 1971) are available from the Reports and Technical Inquiries Staff, Foreign Economic Development Service, U.S. Department of Agriculture, Washington, D.C. 20250, or from the AID Reference Center, Room 1656, New State, Washington, D.C. 20520.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 2	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	1.98	−1	[1] 2.08
USSR SKS-14	1.87	0	2.06
Australian FAQ	1.86	0	1.89
U.S. No. 2 Dark Northern Spring:			
14 percent	1.92	0	2.10
15 percent	1.97	0	2.13
U.S. No. 2 Hard Winter:			
13.5 percent	1.80	0	1.99
No. 3 Hard Amber Durum	1.82	0	2.03
Argentine	([2])	([2])	([2])
U.S. No. 2 Soft Red Winter	([2])	([2])	1.93
Feedgrains:			
U.S. No. 3 Yellow corn	1.44	−1	1.85
Argentine Plate corn	1.60	−1	1.88
U.S. No. 2 sorghum	1.49	0	1.65
Argentine-Granifero sorghum	1.52	0	1.61
U.S. No. 3 Feed barley	1.25	0	1.56
Soybeans:			
U.S. No. 2 Yellow	3.44	0	3.46
EC import levies:			
Wheat [3]	[4] 1.63	+4	1.42
Corn [5]	[4] 1.09	+2	.64
Sorghum [5]	[4] 1.03	+6	.74

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

India Halts Most Rice Imports

India will immediately stop imports of rice because of abundant local supplies, according to the Minister of State for Agriculture, A. P. Shinde. The order will not affect imports already committed from Burma, Thailand, and Egypt.

India had a carryover stock of 400,000 tons of rice in November 1970, which rose to 900,000 tons last November.

World Wheat Harvest Sets Another Record

World wheat production in 1971 is estimated at 313 million tons, 9 percent above 1970 and 2 percent above the 1968 record. Production increases were general, with the largest occurring in North America and Europe.

A detailed table appears in the January issue of *World Agricultural Production and Trade—Statistical Report.*

WHEAT PRODUCTION IN SPECIFIED AREAS

Area	1970	1971
	1,000 hectares	*1,000 metric tons*
Canada	9,023	14,253
United States	37,291	44,620
South America	7,956	8,970
Western Europe	43,697	50,654
Eastern Europe	22,931	29,118
USSR	80,000	75,000
Africa	7,293	7,789
Asia	69,114	71,794
Oceania	8,214	8,698
Others	2,232	1,980
Total	287,751	312,876

FATS, OILS, AND OILSEEDS

Soviet Sunflowerseed Crop Drops Significantly in 1971

The Soviet Union has just released its first official estimate of the 1971 sunflowerseed crop. It reports the crop at 5.7 million metric tons—a 6-percent decline from the 1970 crop of 6.073 million tons. This amounts to a decrease of approximately 140,000 tons in terms of oil. Further details will be published when they become available.

SUGAR AND TROPICAL PRODUCTS

World Cocoa Bean Producers Grind to an Alltime High

Reflecting large world supplies and lower prices, world cocoa bean grindings in 1971 were well in excess of 1.4 million metric tons and were at an alltime high.

U.S. cocoa bean grind in 1971 amounted to 278,959 tons (615 million lb.), up 5 percent over the 1970 grind of 265,536 tons (585 million lb.). West Germany's grind in 1971 totaled 132,919 tons, up 5.6 percent over the year before. The Netherlands grind rose to 120,550 tons from 114,840 tons in 1970, and grindings in the United Kingdom increased by 2.5 percent to 84,430 tons.

India's Molasses Exports Running Slow in January

In January 1971, the Government of India amended the Central Molasses Control Order to permit sugarmills to sell 20 percent of their molasses production in the open market at substantially higher prices. According to a recent press report,

the Government has decided to withdraw the provision for free sale of molasses.

This decision stems from demands of the indigenous alcohol industry, which has had difficulties buying good-quality molasses at reasonable prices. The alcohol industry, because of price controls on its product, cannot pay excessive prices for its raw material. The sugarmills, on the other hand, have been requesting an increase in the highly controlled prices of molasses.

The Government of India may not permit any molasses exports in calendar 1972 in view of the short supply and increased domestic requirements. In 1971, against an export quota of 249,000 metric tons, actual shipments are reported to not have exceeded 50,000 tons. The removal of concessions for free sale of molasses will not increase the availability of the commodity for export. Molasses production in 1970–71 declined to 1.8 million tons compared to 2 million tons in 1969–70.

Haiti's Coffee Exports Up 30 Percent in 1971

Haitian coffee exports during fiscal 1971 (October-September) amounted to 358,000 bags of 60 kilos (132.3 lb.). This indicates about a 30-percent rise over the 274,000 bags exported the previous year. In fiscal year 1971, the United States replaced Belgium as the most important market. Other major importers were Italy, the Netherlands, and France.

The total value of coffee exports in fiscal year 1971 was $18.8 million, and the Government of Haiti netted an estimated $5 million to $6 million in tax revenue.

COTTON

Will Cotton Face a Manmade Fiber Cartel In the Enlarged Economic Community?

Cotton will face increased competition from manmade fibers in the European Community if the cartel proposed by French, Italian, and Dutch manmade fiber producers gains the support of other member countries and is granted EC Commission approval. Britain's big manmade fiber producers have had unofficial overtures about joining such a cartel.

The aim of a manmade fibers cartel would be to provide a more coordinated expansion of fiber production and facilitate an "exchange of information" about prices. Such a cartel in the European Community would work to the detriment of cotton, which is traded freely on the basis of market forces.

A concerted effort by manmade fiber producers would, if effective, enable them to establish price levels for domestic use and for export that would prove most profitable, and to react strongly and uniformly to shifts in cotton prices so as to reduce profitability of cotton to cotton exporting countries.

West German Manufacturers Replenish Low Cotton Stocks

West German import dealers and spinning mills have apparently decided to increase imports of raw cotton to raise the dangerously low stock levels reached at the end of October 1971. Cotton imports during the first 3 months of the 1971–72 season (August-July) had fallen 25 percent below imports in this period a year earlier, and relatively high cotton prices and a growing textile import surplus caused reduced imports through October.

West German production of cotton yarn also continued to decline as mills continued to shift to the use of synthetic fiber. Imports of cotton appear to have improved in November, however, in order to rebuild depleted stocks. Production of cotton yarn reversed its decline and a growing consumer demand for cotton goods is reported.

The U.S. share of West German cotton imports for the first quarter of 1971–72 rose to 11 percent, compared with less than 3 percent a year earlier. More competitive U.S. prices following the August 15 dollar float are credited for the increase in the U.S. share, but a more recent rise in U.S. prices (because of reduced production estimates and poor weather on the Texas High Plains) may reduce this share slightly for the season as a whole. German imports of South and Central American cotton fell sharply during this period, though a substantial increase was noted in imports of extra-long staple cotton from Egypt and Sudan.

Total imports for 1971–72 are now estimated at 1,010 bales (480 lb. net), compared to 1,084 bales last season. Consumption is expected to fall about 60,000 bales and stocks to drop a further 25,000 bales by the end of the season.

DAIRY AND POULTRY

U.K. Import Quotas Removed From Certain Milk Products From Dollar Area

The United Kingdom announced that effective January 20, quantitative restrictions on imports of certain milk products originating in, or consigned from, the dollar area were to be removed. The announcement pertains to milk products which fall within the U.K. tariff heading 04.02 and covers all milk products containing less than 50 percent by weight of butterfat, including condensed and evaporated milk and milk powders. Henceforth, these products will fall under the authority of the open general license.

Imports of these milk products from all other areas of the word, including eastern area countries, were placed on open general license, effective January 1, 1972.

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FOREIGN AGRICULTURE

(Continued from page 5)

South Asia Farm Trade

Jute and jute products usually account for over 90 percent of East Pakistan's exports. In 1971, the United Kingdom and Mainland China were the major importers of East Pakistan's jute, while the United States took nearly half of the exports of jute fabric. However, until the jute mills are put back into full operation, East Pakistan's jute exports are likely to consist of raw jute, most of which will go to, or through, India.

In 1969–70, the last full year of "normal" trading conditions, East Pakistan's exports to foreign countries were only $30 million below imports. Exports were valued at $351 million and imports at $381 million.

Since P.L. 480 food shipments from the United States and grants of wheat from the European Community accounted for about $80 million worth of these imports, East Pakistan actually had a favorable foreign exchange balance with foreign countries. However, it had a deficit of $154.5 million in its trade with West Pakistan.

The outlook for East Pakistan's foreign exchange earnings, which are needed to finance commercial imports, is not good, unless the new Government can diversify exports: over 90 percent of the country's export earnings came from jute and jute products.

World jute consumption has been stagnating for several years—due largely to declining demand for burlap bags and to competition from manmade fibers. Further displacement of jute may very well continue, thus adversely affecting the prices obtained for jute.

West Pakistan—West Pakistan will suffer more from the loss of a market for its products in East Pakistan than from the loss of supplies from East Pakistan; however, West Pakistan will probably open new export markets for rice in the Middle East and Ceylon.

Tea, West Pakistan's major import from East Pakistan, accounted for 85 percent of East Pakistan's tea crop. West Pakistan recently purchased 8,000 metric tons of tea from Ceylon and the Peoples Republic of China. Imports of jute products and paper from East Pakistan can be replaced by supplies from other Asian sources.

India—India's exports to East Pakistan should rise markedly in 1972 due to the new political situation. The proximity of the two areas offers transportation advantages—and prices are favorable. Cotton textiles, rice, wheat, vegetable oils, sugar, and tobacco are the major items India is likely to send to East Pakistan.

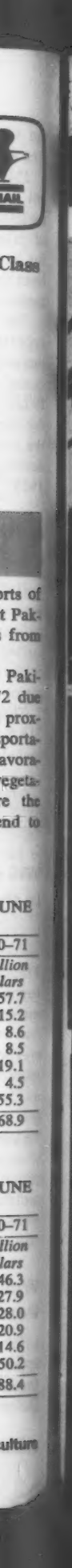
WEST PAKISTAN: IMPORTS FROM EAST PAKISTAN BY VALUE, JULY-JUNE
1967–68 to 1970–71

Item	1967–68	1968–69	1969–70	1970–71
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*
Tea	48.1	54.0	51.1	57.7
Jute bags	23.0	22.6	23.3	15.2
Other jute products	8.9	10.3	9.6	8.6
Matches	6.7	9.0	9.4	8.5
Paper and paper products	19.1	23.0	22.9	19.1
Leather	5.8	6.2	5.9	4.5
Other	53.3	57.9	70.3	55.3
Total	164.9	183.0	192.5	168.9

Statistical Bulletin of Pakistan, September issues for 1968–71.

EAST PAKISTAN: IMPORTS FROM WEST PAKISTAN BY VALUE, JULY-JUNE
1967–68 to 1970–71

Item	1967–68	1968–69	1969–70	1970–71
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*
Cotton textiles	40.9	45.5	50.8	46.3
Rice	14.2	17.0	50.3	27.9
Raw cotton	24.0	31.8	33.0	28.0
Leaf tobacco	20.3	21.3	21.6	20.9
Cotton yarn and twist	10.6	12.9	18.1	14.6
Other	145.5	150.7	173.2	150.2
Total	255.5	279.2	347.0	288.4

Statistical Bulletin of Pakistan, September issues for 1968–71.

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